

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
POUGHKEEPSIE DIVISION

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In Re:

NEW YORK MILITARY ACADEMY,
Debtor.

CHAPTER 11

CASE NO. 15-35379 CGM

NOTICE OF INTENDED PUBLIC AUCTION SALE

NOTICE IS HEREBY GIVEN that on **September 30, 2015 at 1:00 pm** at The United States Bankruptcy Court, 355 Main Street, Poughkeepsie, New York, the undersigned Debtor, pursuant to 11 U.S.C. § 704 and 363 (b) and (f) and pursuant to the Debtor's Plan of Reorganization filed with the Court on July 1, 2015, intends to conduct an auction in and to the following real property and academic credentials:

- Parcel 1: 77.3 Acre parcel improved with a military preparatory school consisting of several administrative, academic, and dormitory facilities, accessory structures, and apartments as well as several single family residences. **Also included in the sale of this parcel are any school credential required to operate a preparatory school**
- Parcel 2: 3.5 Acre parcel of vacant land.
- Parcel 3: 1.10 Acre parcel of vacant land.

The Parcels will be offered individually in the first three rounds of bidding and then offered as a whole in the last round of bidding.

1. This notice is given in order to permit parties in interest to object to the intended sale and request a hearing. Unless a party in interest files a written objection and request for hearing before **5:00 pm on September 29, 2015** the intended auction sale described in this notice will go forward. Objections stating the reason therefor should be filed with the U.S. Bankruptcy Court, 355 Main Street, Poughkeepsie, New York 12601 with copies to counsel to the Debtor's counsel at the address shown below and to the U.S. Trustee, 74 Chapel Street, albany, new York, 12207.
2. In the event of any written objection and request for a hearing, the Bankruptcy court will conduct a hearing on September 30, 2015.
3. **Bid Deposit Required:** In order to bid at the auction a prospective bidder must deposit by wire transfer or bank check to Lewis D. Wrobel, as Escrow agent (a) \$400,000.00 in order to bid on Parcel 1, and (b) \$100,000.00 in order to bid on any or all of the other Parcels. If you are not the winning bidder, or the back-up bidder for one of the assets, your bid deposit will be returned to you. Only qualified bidders may attend the auction.

4. Buyer's Premium: With respect to each Asst, purchasers shall also pay a Buyer's Premium equal to three (3%) percent of the High Bid. The Buyer's Premium shall be added to the High Bid and the sum will be the Total Purchase Price in the Asset Purchase Agreement.
5. Requirements of High Bidder: With respect to each Asset, the party submitting the highest and best bid (the "High Bidder") will be required to sign the asset Purchase Agreement upon the conclusion of bidding acknowledging their Total Purchase Price, their initial earnest money will become non-refundable upon the court's approval of the ale and the High Bidder must increase their initial earnest money deposit to an amount equal to ten (10%) percent of their Total Purchase Price by bank check or wire transfer within two (2) business days and must have a representative present at the Sale Approval Hearing in the U.S. Bankruptcy Court, Southern District of New York, 355 Main Street, Poughkeepsie, New York 12601 on a date to be determined.

Bidders may also be asked to provide reasonable proof acceptable to the Debtor of the bidder's ability to consummate a purchase of the Assets, including copies of the bidder's annual, quarterly, and monthly financial statements for the most recently ended fiscal periods, certified to be true, correct, and complete in all material respects, or, if the bidder is an entity formed for the purpose of acquiring the assets, the aforementioned financial statements for the equity holder(s) of the bidder, and evidence of sufficient financing if the bidder intends to finance the purchase.

6. Back-Up Bidder: With respect to each Asset, the party submitting the second highest bid (the "Back-Up Bidder") will be required to sign the Asset Purchase agreement upon the conclusion of bidding acknowledging their Total Purchase price, and in the event the High Bidder fails to timely make the 10% deposit required above, the Back-Up Bidder must tender an amount equal to ten (10%) percent of their Total Purchase Price by bank check or wire transfer within two (2) business days following notice that the High Bidder has failed to make the required deposit.
7. Free and Clear Transfer: The real property available for auction is being transferred free and clear of all Liens, Claims, encumbrances and other interests of any kind, with liens to attach to the proceeds. any real property transfer will be subject to existing easements, right-of-ways, covenants or other existing deed restrictions.
8. Reserve Offering: All of the assets are being offered subject to Court approval. The starting bid at the auction for the Assets in their entirety will be \$9,500,000.00.
9. Closing Date: The Closing Date shall be within thirty (30) days after the auction.
10. Inspection: Prior to the auction, prospective bidders will be afforded two (2) dates to physically inspect the assets and present additional questions. **Each property is being offered for sale "as is" and in its existing condition.**
11. Conduct of the Auction: Conduct of the auction is at the direction and discretion of the Auctioneer and the Court. The increments of bidding will be \$100,000.00. In the event of a

dispute between bidders, the Auctioneer and the Court shall make the final decision to accept the final bid, to re-offer and re-sell the property, or to remove the property from the auction. If any disputes should arise following the auction, the Auctioneer's and the Court's records shall be conclusive in all respects.

12. Seller's Agent: Hilco Real Estate LLC, its cooperating brokers and all licensees employed by or associated with Hilco Real Estate, LLC who are involved with this auction, represent the Seller in this real estate transaction.
13. An appraisal performed by McGrath & Co. in July, 2014 has valued the real property assets at \$10.1 Million.
14. The assets of the Debtor are being sold with any and valid liens to attach to the proceeds of sale, with distribution of the proceeds subject to further Order of the Court, except for two valid mortgages of Cornwall Improvement, LLC in the total approximate sum of \$8.3 Million and water bills and real property taxes in the approximate sum of \$400,000.00 will be satisfied at the closing of title.

Dated: September 4, 2015
Poughkeepsie, New York

/s/ Lewis D. Wrobel _____
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